

**MAINE REVENUE SERVICES**  
(FORMERLY BUREAU OF TAXATION)  
**SALES/EXCISE TAX DIVISION**  
**RULE NO. 302**

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**GOVERNMENT AGENCIES, EXEMPT ORGANIZATIONS AND SALES THERETO**

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**SUMMARY:** Explains exemptions pertaining to sales to government agencies and exempt organizations pursuant to the Sales and Use Tax Law.

**.01 Sales to Government Agencies.**

Sales made directly to the Federal Government, this State or any political subdivision of this State, or to any unincorporated agency of the above, are exempt from sales tax. In addition to the Federal Government, the State of Maine, and any county, city, town, or plantation in the State of Maine, this exemption covers sales to:

School Districts in Maine;  
Water, Power, Parking and other Districts in Maine established by legislative act as quasi-municipal corporations;  
Village Corporation;  
Maine Turnpike Authority.

In the case of the above no evidence of exemption in the case of a sale at retail will be required other than the invoice of the seller indicating sales to such exempt entity.

Sales to other states or foreign countries or their subdivisions are not exempt from Maine sales tax.

**.02 Sales to Exempt Organizations.**

**A. General.** 36 M.R.S.A., Sec. 1760 provides, in part, for exemption from the sales or use tax for sales to various organizations. However, the burden of proving a sale is to an exempt organization which has been provided an exemption is upon the person making the sale. The seller will be relieved of this burden of proof only if he requires from his purchaser an exemption certificate in accordance with the provisions of this rule.

**B. Application for exemption.** Organizations which are eligible to qualify for sales and use tax exemption under Sec. 1760 of the Sales and Use Tax Law, must apply for a certificate of exemption from the Bureau of Taxation. When determined exempt by the Bureau of Taxation, a certificate to that effect will be furnished to the exempt organization.

**C. Exemption certificates.** The exemption certificate shall be issued by the Bureau of Taxation. It shall in all cases show the organization's name and address and the number of its exemption permit.

Sales to entities which do not hold and provide an exemption certificate will be deemed taxable.

**D. Use of exemption certificate.** The exemption certificate shall be used only for purchases of tangible personal property which will be used exclusively by the organization for the purposes for which it is organized.

Exemption certificates will not be used in activities that are mainly commercial enterprises.

**E. Requirements of seller.** Sellers are not required to obtain a copy of the exemption certificate for each individual sale. However, they must maintain a copy of the certificate for their files to support the exempt sale for each exempt organization. Invoices of goods sold tax exempt under this rule must be appropriately marked to indicate that they are exempt sales. The words "Maine Sales Tax Exempt (and the) Exemption Number" will satisfy this requirement. The certificate must be taken in good faith. The good faith of the seller will be questioned if he has knowledge of facts which give rise to a reasonable inference that the purchaser is not the holder of the exemption certificate or that the merchandise is not to be used exclusively by the organization.

**F. Misuse of Exemption Certificates.** Misuse of Exemption certificates by individuals or organizations will be subject to prosecution.

**BASIS:** Establishes a procedure for issuing exemption certificates and exempting from sales tax sales to government agencies and exempt organizations pursuant to 36 M.R.S.A., e1760. The rule requires certification of exempt sales.

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